

# SAP Solutions

Luxury brand conglomerate remakes ERP systems



## Challenges

- Lacked a common set of financial and planning tools across the brand organizations
- Wanted to consolidate three different systems
- Needed an IT framework to speed incorporation of new brand acquisitions
- Required deep SAP experience

## Solutions

- Lumen Professional Services consultants designed a custom SAP solution

## Results

- Management has single view of entire business
- Individual brands enjoy flexibility where needed
- Business prepared to expand with M&A

## Challenge

### Consolidate ERP, lay foundation for M&A plan

One successful luxury retailer saw an opportunity to expand by acquiring other luxury brands in complementary segments. Two new luxury retail companies joined the first one within a holding company structure.

Separate IT systems presented an integration and a business problem. A properly integrated IT framework would streamline future integrations of acquired brands.

The founding brand of the holding company based their Enterprise Resource Planning (ERP) system on an old version of SAP that was highly customized to the needs of that individual brand. The two new brands and their organizations did not run SAP and their systems were not compatible.

They would need to be consolidated into a new ERP system at the holding company level. That system needed a design that could be easily expanded to integrate more acquired brands.

## Solution

### Combined team of SAP and retail experts drive phased approach

The project was organized into three phases: 1) global finance across the organization, 2) integration of one additional brand's global operations and their specific financial needs, and 3) supply chain integration. Working with the brand managers at each company, a set of rules was developed to guide the creation of the consolidated ERP system, which Lumen now manages.

The combined team developed what became known as the 80-10-10 approach. Eighty percent of the implementation would be standard SAP S4. Ten percent would be customized to help ensure financial compliance with the holding company's internal guidelines. The final 10 percent was customizable to the needs of a given company. For instance, a single luxury product can pass through many hands on its way to the consumer. Brands have the flexibility to design their own supply chain and inventory tracking systems based on their needs.

## Results and future plans

### Integrated ERP provides one view of the business now and into the future

Lumen manages this solution for the customer. Management has one view of the business through the SAP implementation. While customizations are kept to a minimum, each organization can prioritize those areas that make their business models unique.

The degree of standardization lays the foundation for smooth integration of the brand acquisitions the customer is actively seeking. Lumen experts will continue to aid in the integration of those new brands into the ERP system.

### Lumen Solution Set

- Lumen® Professional Services
- Lumen SAP Solutions